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ASSOCIATION OF PUBLIC FINANCE ACCOUNTANTS OF SRI LANKA (Public Sector Wing of CA Sri Lanka)

01 JUN 2022
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22nd March 2022

Chief Secretary
Chief Secretary Office
Western Provincial Council
No. 32, Sri Markars Fernando Mw,
Savasthri Mandiraya, Colombo 07

Dear Sir/Madam

Best Annual Reports and Accounts/Performance Reports Awards Competition for the Public Sector

The Public Sector Wing of CA Sri Lanka (APFASL) has planned to conduct its sixth Best Annual Reports Awards competition for the year 2020 during 2022. Main objective of this competition is to ensure timely reporting of annual performance and the financial position in a comprehensive manner to enhance transparency (governance), accountability, and good govern in the public sector.

We have observed following deficiencies in some of the annual reports and accounts, based on the evaluation reports of the Best Annual Reports Award Competitions conducted in the past.

1. Governance statements
2. Management discussions and analysis/(Administrative/Performance Reports)
3. Reports of the governance sub committees
4. Organization structure/control mechanism
5. Overall presentation
6. Accounting policies
7. General disclosures
8. Financial Statements prepared and presented in compliance with standards, regulations, and best practices.
9. Notes to the Financial Statements.
10. Non submission of annual reports within the time
11. Audit qualifications

We have prepared a comprehensive guideline and attached herewith to the facilitate the preparation and presentation of quality annual reports.

See (Bx)

DAAD
Pls discuss
of

You are kindly requested to direct the Institutions coming under your purview to submit the annual reports and accounts/performance reports for the year 2020 for this competition on or before 31 May 2022, along with Auditor General's report and the relevant fees as specified in **annexure I**. Guidelines for preparation and presentation of annual report of public sector institution are in **annexure II**.

We would appreciate if you could ensure active participation from institutions coming under your purview to make the competition a success as a national endeavor.

Sincerely,

Association of Public Finance Accountants of Sri Lanka
(Public Sector Wing of CA Sri Lanka)



V. Kanagasabapathy
President



Asela Athapathu
Secretary

cc. Secretary Ministry of Finance
Chairman Finance Commission
Secretary Ministry of Provincial Councils and Local Government
Auditor General

ASSOCIATION OF PUBLIC FINANCE ACCOUNTANTS OF SRI LANKA

Annexure I

Application for the Best Annual Reports & Accounts Competition

Institutions will be classified under categories namely Ministries, Departments, Provincial Councils, Universities, Municipalities, Urban Councils, Pradeshiya Sabhas, Foreign Funded Projects and Non-Commercial Statutory Boards and Funds. (Commercial based government institutions (GBEs) which are required to prepare the accounts on LKAS /SLFRS shall not be eligible for this competition.)

- There will be 3 awards for each category, the Best Annual Report, the First and Second Runners Up.
- There will be an award for the Overall Winner as well.
- All reports received will be scrutinized and short listed through an initial selection process by a Technical Committee.
- The final selection will be done by a panel of Judges selected from eminent and qualified persons from the public sector and private sector including auditors.
- Selection will be based purely on merit in meeting the criteria for selection
- Decisions of the panel of Judges will be final.
- Participation fee will be :
 - Statutory Boards including Universities Rs. 30,000
 - Foreign Funded Projects Rs. 30,000
 - Municipal Councils Rs. 20,000
 - Provincial Councils Rs. 20,000
 - Ministries & Departments Rs. 15,000
 - Statutory Funds Rs. 15,000
 - Urban Councils Rs. 15,000
 - Pradeshiya Sabhas Rs. 10,000

The applications should contain the following details.

1. Covering letter signed by the Head of the Institution
2. Dates of approval of the accounts and submission of accounts to Audit
3. Fees payable as specified above (The cheque shall be written in favour of "**Association of Public Finance Accountants of Sri Lanka (APFASL)**" and **crossed A/C payee only**)

Applications for the competition will be entertained **until 31st May 2022**, with the annual report/performance report and accounts including Auditor General's report bound together as applicable to the respective institutions concerned for the year ending 31.December 2020 to the following address.

Secretary
Public Sector Wing (APFASL)
Institute of Chartered Accountants of Sri Lanka
30, A, Malalasekara Mawatha
Colombo 07

**Guidelines on
Preparation and Presentation of Annual Reports of
Public Sector Institutions
for
Best Annual Report Competition**

Association of Public Finance Accountants of Sri Lanka (APFASL)
(Public Sector Wing of Sri Lanka)
30A, Malalasekera Mawatha
Colombo 7

Disclaimer

This document is prepared to offer general guidance on the preparation and presentation of Annual Reports of public sector institutions in Sri Lanka and does not constitute professional advice. No representation or warranty (expressed or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, APFASL and CA Sri Lanka, its members, employees, and agents accept no liability, and disclaim all responsibility, for the consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

Message from the President

The public sector best annual report and accounts award is an important annual event in our calendar. We have been conducting the best annual report and accounts competition among the public sector institution since 2015 to bring about excellence in financial reporting.

The objective of this competition is to ensure timely reporting in compliance with the regulatory framework and best practices in a comprehensive manner to enhance transparency, accountability, social responsibility and sustainability. The competition provides all organizations that produce an annual report and accounts an opportunity to benchmark their reports against the best annual report criteria which are based on relevant statutes, circulars, guidelines, Sri Lanka Public Sector Accounting Standards (SLPSAS), and best practices.

We have just concluded the 5th annual award ceremony and are pleased to note that this competition has created a lot of enthusiasm and shown substantial improvement in the submission of quality annual reports and accounts. However, there is a lot more room for improvement and there has been a long-felt need for a comprehensive guideline in this regard.

We have made an attempt to formulate these guidelines with the support of a committee consisting of seven senior members with specialized backgrounds to prepare and present public sector Annual Reports and Accounts. They functioned as a team under our supervision and guidance to finalize the same within a very short period of time. I take this opportunity to express my sincere gratitude and appreciation for their commitments and efforts.

I am confident that these guidelines will facilitate and encourage the participants to prepare and present Annual Reports and Accounts in the best possible manner and take part in the competition. It should be noted that any specific direction from the Government will supersede these guidelines.

V Kanagasabapathy
President APFASL
March, 2022.

Annual Reports Guidelines Review Committee

Chairman

Mr Ananda Amarawansa

Committee Members

Mr R A L Udaya Kumara

Mr S G Senarathna

Mr K D Chitrapala

Mr S U Chandrakumaran

Ms Shakthi Karunanathan

Secretary

Susantha Galgodage

Reviewed and updated by the President and Secretary APFASL

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1. Introduction

Public Sector is very large diverse and complex and governed by the different regulatory frameworks, hence the preparation and presentation of annual reports and accounts too is complex and not the same as private sector organizations.

The public sector uses public money and public accountability is very vital in preparing and presenting annual reports and accounts. Annual reports and accounts is the medium by which the accountability is discharged by the governing body/head of the institution. It provides a snapshot view of the performance and position of the enterprise in the past year communicating the state of affairs to the stakeholders portraying the image of the institutions.

The regulatory framework governing the preparation and presentation of annual reports and accounts includes National Audit Act, enabling statutes, government circulars, accounting standards, guidelines and best practices, compliance of which will ensure transparency, accountability, social responsibility and sustainability.

The governing body/head of the institution should commit itself to high-quality reporting and the senior management staff should work as a team in preparing and presenting the annual report and the accounts in the best possible manner in compliance with the regulatory framework.

Since it is a published document, it should also be freely available for access to all interested parties by placing the same on the website enabling them to evaluate performance and take economic decisions.

Annual reports and accounts form the basis for legislative scrutiny by the oversight committees of the Parliament (COPE and COPA). Governing body/head of the institution is mandated to table the accounts in parliament within the time frame and appear before the oversight committee to answer any question raised by them at their examination.

All possible attempts should therefore be made to ensure that the annual report and accounts contain reliable accurate and complete information reflecting a true and fair view of the organization.

The Association of Public Finance Accountants (APFASL) conducts annual report and accounts award competition annually with a view to bring about quality reporting.

2. Regulatory Framework Governing Annual Reports and Accounts

Regulatory framework for the preparation of financial statements aims at meeting the needs of the users of financial statements with at least a basic minimum of information, to increase user confidence in the financial reporting process. The key components to be considered are listed below;

2.1 National Audit Act No.19 of 2018

Financial statements and the annual performance report to be submitted to AG within two months after the close of the financial year and the annual report and accounts tabled in parliament within 5 months after the close of the financial year (as specified in the rules)

It is required to submit the action taken report on the audit issues within 3 months of the receipt of the Audit Report. The Act requires some important contents that need to be included in the annual report, they are; audited financial statement, performance report, report of the AG, a projection report based on the sustainable development goals, activities carried out to safeguard the environment, disaster impact assessment analysis.

2.2 Government Circulars and Guidelines

Public Finance Circular No. 01/2020 and 02/2020 refer to annual performance reports and accounts of ministries, departments, provincial councils, and local authorities providing a detailed form and contents for compliance. Public Finance circular provides a comprehensive format for preparing and presenting Annual Performance Report in 7 chapters as available in their website as follows:

- Details about the organization
- Progress and future prospects
- Financial performance
- Key Performance Indicators (KPIs)
- Sustainable Development Goals
- Human Resource details
- Compliance Report

State Accounts Guidelines No 3/2021 in turn provides a very comprehensive format to facilitate the preparation and presentation of financial statements. In terms of this circular annual appropriation accounts, revenue accounts and advance accounts should be rendered to Auditor General by 15th March of Public enterprises each year. The Guidelines on Corporate Governance issued by the Department of Public enterprise (Annex III) provides Key content for the annual reports of Public enterprises.

In terms of the circular issued by the Secretary to the President in 2018, the Local Authorities who hitherto follow the Wicramanayake system of accounting are required to adopt the new system of accounting supported by simplified accounting standards and guidelines formulated and published by CA Sri Lanka.

The annual report and accounts should be tabled in Parliament within 150 days after the close of the financial year together with the Auditor General's reports.

2.3 Sri Lanka Public Sector Accounting Standards (SLPSAS)

Accounting Standards provide a framework for quality accounting and reporting, facilitating improvements in financial analysis, planning and management in the Public Sector, in line with International Best Practices. Since these are 'accrual based' standards, they were initially be made applicable to all Statutory Boards (non-commercial Public Corporations) and Local Authorities which follow accrual-based accounting. The Central Government and Provincial Councils could make use of these standards once they proceed to adopt an accrual-based accounting system. In this background, the Hon. Minister of Finance and Planning has given his concurrence in terms of sections 8(3) and 12 of the Finance Act No. 38 of 1971, for Statutory Boards (non-commercial Public Corporations) to proceed with the implementation of these standards.

Financial statements under accrual system should be prepared in compliance with SLPSAS consisting of the following components;

- Statement of Financial Position
- Statement of Financial Performance

- Cash Flow Statement
- Statement of Changes in Net Assets/Equity
- Accounting Policies and other Disclosure Notes

The disclosure notes relating to primary financial statements should be made systematically in a sequence properly cross-referenced to the items in those statements. Other notes of general disclosures, accounting policies, etc. should be made to facilitate the readers to understand the financial statements properly.

Financial reporting under modified cash system;

Currently, Ministries, Departments and Provincial Councils are adopting a modified cash system. Since SLPSAS is accrual-based standards, they are not fully applicable to modified cash systems. They are governed by the Financial Regulations and Government circulars.

Government circulars provide guidelines supported by formats for preparing financial statements containing comprehensive details in order to fast-track migration to the accrual system. The form and contents (components of financial statements and disclosure requirements) are largely based on SLPSAS.

3. Best Annual Report (BAR) Awards Competition

APFASL conducts the Best Annual Report Awards competition for the Sri Lankan public sector institutions since 2015 to bring about excellence in financial reporting. The fifth annual competition based on the year 2019 accounts was concluded in December 2021.

The competition provides all organizations that produce an annual report and accounts an opportunity to benchmark their reports against the BAR criteria which are based on relevant statutes, circulars, guidelines, Sri Lanka Public Sector Accounting Standards (SLPSAS); and best practices.

An important aspect of the BAR assessment process is that it focuses on the quality and completeness of the reporting about the organization's performance and position. The quality of the BAR evaluation process is achieved by the expertise and commitment of some senior accounting and finance professionals who contribute their time to judge reports as BAR coordinators and adjudicators. APFASL is very fortunate that many of them have strongly supported the rigorous BAR process since 2015.

The educational benefits are an important part of the BAR Awards process. In particular, participating institutions receive constructive feedback from experts engaged with the process to identify the strengths and weaknesses of their current annual reports and advise for improvement next year.

The BAR Awards process includes:

- Preparing, reviewing, and circulating evaluation criteria based on statutes, guidelines/SLPSAS and best practices as guidelines for preparing annual report and accounts;
- Providing a free practical guide to preparing annual report and accounts;
- Recognizing excellence in reporting with Gold, Silver, and Bronze Awards at the annual awards ceremony;

Several public sector institutions are taking the opportunity to use this process to reach and maintain their excellence in reporting on an annual basis. Similar interest is anticipated by APFASL as well in the future,

which will, in turn, be likely to help the government's vision to convert all public sector institutions to follow accrual-based accounting and reporting-based on SLPSAS by the year 2030.

3.1 General Criteria Applicable to All Participants

The BAR competition conducted by APFASL is to improve the standards of reporting among the public sector institutions in the country. Annual reporting is an essential mechanism of accountability, a vital element in the governance process.

Techniques of good reporting evolve over time, but the fundamentals remain constant. Good reporting requires an open willing attitude to follow the statutes, various directives via circulars, SLPSAS and best practices while paying attention to details and accuracy. APFASL believes that this discipline will encourage the public sector institutions to achieve and improve upon in public financial management (PFM).

The BAR guidelines change over time reflecting experience and expectations, hence improvements to the guidelines and evaluating criteria are done in this year's format. The guidelines are not merely about formats; they are about identifying areas of information that are important for all stakeholders as well.

The challenge for preparing the report is to interpret that information for their own organization's peculiarities and communicate it in a way that is effective for their stakeholders.

The BAR competition seeks public sector annual reports that:

- Follow statutory provisions and guidelines including SLPSAS where applicable;
- Provide a balanced and reasonable picture of their economic, environmental, and social performance;
- Facilitate comparability, benchmarking and assessment of performance; and
- Address issues of concern to stakeholders.

Note: The main objective of the competition is to ensure timely reporting of annual performance and financial positions in a comprehensive manner to enhance transparency, accountability, social responsibility and sustainability in the public sector.

The BAR Award competition is guidelines and standards-based and the reports that attain the highest evaluated standard achieve the relevant award. There are no quotas.

3.2 Format of the Competition

The competition is organized by APFASL, the Public Sector wing of CA Sri Lanka and is an important initiative aimed at helping improve the quality of annual reports and accounts issued by the public sector organizations while helping enhance PFM practices in the country.

Public institutions classified under ten categories including Ministries, Departments, Provincial Councils, Municipal & Urban Councils, Pradeshiya Sabhas, Foreign Funded Projects, Universities, Research Institutions and other Non-Commercial Statutory Boards and Funds are invited to submit their applications for the competition.

Following a strict evaluation process, the best annual reports and accounts will be selected from the participating organizations. There will be a winner (Gold Award) for each category, as well as two runners-up (Silver and Bronze Awards) along with the overall winner at the competition.

The selection criteria have been broadly categorized to evaluate the financial statements and reports prepared and presented in compliance with standards, regulations and best practices in the following areas.

- Governance statements
- Management discussions and analysis (administrative/performance reports)
- Reports of the governance sub-committees
- Organization structure/control mechanism and strategic initiatives for good governance.
- The overall presentation of the accounts and reports
- Accounting policies and compliance with applicable standards, regulations, statutory requirements and government circulars
- General disclosures and adequate information to the interested parties.
- Financial statement and notes
- Submission of annual reports within the time frame
- Audit opinion

All reports received will be scrutinized and shortlisted through an initial selection process by a technical committee and subsequently, the final selection will be carried out by a panel of judges comprising of eminent professionals. The selection of winners will be based purely on merit in meeting the criteria based on a predetermined marking scheme.

BAR Awards competition is an important initiative of APFASL launched with the objective of enhancing and strengthening the public financial management practices in the country.

Matters to be considered in the submission of annual reports and accounts for awards

- The overall presentation of the annual report (Form and Content)
- Timeliness (within the time frame)
- Compliance with the relevant regulatory framework and best practices
- Report on Governance practices adopted
- Organization Structure/Control Environment
- Management discussions and Analysis
- Audited Financial Statements (Depending on the organization category) with appropriate disclosure of Accounting Policies and other Disclosures
- Compliance with SLPSAS where applicable
- Audit Opinion
- Audit Committee Report
- Performance Report
- A forecast report based on the sustainable development goals

3.3 Financial Statements and Related Disclosures

Appropriateness of disclosure of accounting policies together with specific disclosures and general disclosures relevant to the understanding of financial statements

Specific Disclosures

- Reporting entity as specified in the relevant legislature/guidelines (differ in the category of the organization)
- Reporting period
- Recognition of property plant and equipment for each class
- Measurement basis (cost or revaluation method)
- Depreciation method and rates if any
- Policies on provisions, estimates and budgets
- The accounting policies adopted for the revenue, expenditure Assets, and liabilities
- Definition of cash and cash equivalent
- Any other significant accounting policies

General disclosures and formats

- Components of financial statements
- Fair presentation and compliance with SLPSASs/regulation/best practices.
- Comparative information, budget vs. actual comparison, the reason for reclassification, if any and restated figures
- Structure and contents (financial statements are distinguished with other information)
- Coverage by the financial statements (segments, enterprises, groups)

Notes to the financial statements

- Basis of preparation, specific accounting policies or standards applied, additional information, cross-reference to the information, note and schedules of the financial statements

Other disclosures

- The legal form of the organization, address and registered office

Financial Statements

1. Statement of Financial Performance and Related Notes

- General information (revenue, fees, treasury grants, penalties, transfers, profit on disposal of assets, other income, expenditure on nature or the function, etc.)
- Other individual items (amount of significant category) -Write-down of inventories, reversal of write down, impairment and adjustments, if any, restructuring of the activities,
- Exceptional income and expenditure items
- Sub classification of total revenue-own revenue, grant, and aid
- Classification of expenditure and additional information, depreciation, amortization, impairment or other losses, the share of owners or the treasury
- Surplus or deficits and distribution /transfer of the results (revenue)
- Other interest, if any (stakeholders/members)

2. Statement of Financial Position

General Disclosure (depending on the organization category)

- Minimum disclosure of line item -Property plant and equipment, intangible assets, investment (Equity method) inventories recoverable from non-exchange

transactions, financial assets, cash and cash equivalent, tax and transfer payable, receivable and payable under exchange transactions, provisions, others' interest, and net assets/equity, etc)

- Heading and subtotals
- Current and non-current distinction of assets and liabilities.
- Property, plant and equipment -(Measurement base, depreciation methods and amount, gross carrying value, addition, disposals, revaluation, existence, title restrictions, contractual commitment, construction cost, security pledging, method of fair valuation and determination criteria, impairment losses recognize or revers etc.)
- Inventories -Carrying amount in total and sub-classification, working progress, maintenance and construction materials, spare parts etc. write down recognized as expenses or reversals and the effect.
- Receivables (Operational and others) including related party receivables
- Impairment losses recognized during the period, pre-payment
- Payables (Operational and others, accruals, current portion of payables)
- Provisions (With Movements and current and non-current portions, nature of the obligation and uncertainties)
- Employee benefits
- Equity/accumulated fund /capital with its component (Reserve etc.)

3. Statement of Changes in net assets/accumulated funds

- Surplus/deficit for the period
- Directly recognized income and expenses (Including reflection of assets accumulations)
- Effect of changing policies
- Distributions to owner/fund provider
- Opening, closing balances and changes
- Retrospective adjustments on policy changes.

4. Cash flow statements.

- Presentation (direct/indirect methods), operating, investing and financing cash flows, disclosing interest, dividends, taxes/levies under each category, noncash transactions.
- Components of cash and cash equivalents
- Other disclosures (balance not available for use, segment contribution, undrawn borrowing facilities, ultimate cash transfers),

5. Other notes to the financial statements

- Borrowing cost (accounting policy, capitalization)
- Effect of changes in foreign exchange rates, if any
- Revenue from exchange transactions and the policy adopted (Sale of goods, interest, Rent etc.)
- Capital Commitments (Contractual for properties, etc., contractual obligations)
- Contingencies (nature, uncertainty, financial effect, arising from post-employment benefits)

- Events after reporting date (adjusting and non-adjusting events)
(NB: applicability of the items to be considered for selection)

6. Miscellaneous

Timeliness of reports and annual reports

- Draft Accounts submitted to the Auditor General (within 2 months after the close of the financial year)
- Tabling annual report and accounts in parliament (within 5 months after the close of financial year)

Audit opinion

- Unqualified opinion
- Qualified opinion
- Accounts with adverse/disclaimer of opinion from the Auditor General will not be considered for Awards.

3.4 Essential Ingredients of Good Annual Reports

- Formats, Layout, Graphs and Pictorials
- Timelines in reporting
- Making comprehensive disclosures
- Information concise, readable and not bulky
- Too much or too little information should be avoided
- Presentation in a simplified manner with high level of clarity for the readers to clearly understand the performance and status
- References made to system manual, management guide, organizational structure and other documents relating to quality improvements and detail performance statistics, which are made available on the website

3.5 Suggested Contents

- Vision statement
- Mission Statement
- Goals and objectives
- Institution at a glance
- Financial highlights
- Performance overview and future Prospects
- Risk assessment and mitigating strategies
- Brief profiles of the Governing Body and Senior Management Staff
- Management Discussion and Analysis (review of activities, events and operations)
- Governance framework
- Statement of Compliance
- Sustainability Report - (Staff development, recruitment, training, staff welfare, health and safety, community development, energy savings, waste management, asset maintenance, environment and disaster management and any other social activities)
- Details of infrastructure facilities, human resources and other physical resources in summary form
- Highlights of major achievements (national/International recognitions/awards)

- Performance report referring to the strategic plan, action plan, Budget along with the KPIs using financial and non-financial information
- Sustainable Development Goals
- Audited Financial statements
- Report of the Auditor General
- Audit Committee Report
- Financial highlights for the preceding 10 years

4. Specific Requirements Applicable to Different Categories of Public Sector Institutions

4.1 Local Authorities

General Disclosures

1. Compliance with the SLPSAS for Local Authorities and other requirements essential for best accounting and reporting requirements.
2. Local authorities should comply with mandatory requirements in preparation of financial statements and Annual reports. Public Finance Circular No 2 of 2020 issued by the Departments of Public Finance for regulatory requirements combined with standards appropriately for best practices.
3. Further, it is required to comply with the reporting guidelines and instructions imposed by the financial regulations, and provincial financial rules, relevant ordinances or acts, and National Audit Act appropriately.

Specific Disclosures

Annual Reports and Accounts of local authorities should contain the following information and disclosures under each section as per the circulars and Public Sector Accounting Standards.

1. Institutional Profile/Executive Summary
 - 1.1. Introduction
 - 1.2. Vision, Mission, Objectives of the Institution and core values
 - 1.3. Key Functions
 - 1.4. Organizational Chart
 - 1.5. Details of the Foreign Funded Projects (if any)
 - a) Name of the Project
 - b) Donor Agency
 - c) Estimated Cost of the Project – Rs. Mn
 - d) Project Duration
 - 1.6. Other funding sources and CBO involvements
2. Progress and the Future Outlook

Report special achievements, challenges and future goals
3. Performance indicators
 - 3.1 Performance indicators based on the action plan
 - 3.2 Budgeted information
4. Performance of the achieving Sustainable Development Goals (SDG)
 - 4.1 Identified respective Sustainable Developments Goals

4.2 Achievements and challenges of the SDG

5. Human Resource Profile

- 5.1 Cadre management
- 5.2 Shortage or excess in human resources and its impact on the performance
- 5.3 Capacity development of the staff

6. Compliance Report

- 6.1 Presentation of financial statements
- 6.2 Response for auditing
- 6.3 Planning
- 6.4 Rate administration
- 6.5 Rent administration
- 6.6 Administration of business taxes and trade licenses
- 6.7 Audit and Management Committees
- 6.8 Management of bank accounts
- 6.9 Asset management
- 6.10 Management of vehicles
- 6.11 Staff Management
- 6.12 Maintenance of books and registers with recent updates
- 6.13 Waste management
- 6.14 By-laws
- 6.15 Providing Information to the public
- 6.16. Approval of building plans
- 6.17. Implementing the citizen's charter
- 6.18. Preparation of the human resource plan
- 6.19. Establishing the e-Local Government System

7. Committee Reports

- 7.1 Management committee reports
- 7.2 Audit committee reports
- 7.3 Risk committee Reports
- 7.4 Other committee reports

8. Overall Financial Performance for the Year in accrual terms

- 8.1 Statement of Assets and Liabilities
- 8.2 Statement of comprehensive income
- 8.3 Cash flow statement
- 8.4 Statement of changes in net assets/equity
- 8.5 Auditor General's Report

4.2 Provincial Councils

All provincial councils should follow the formats of the financial statements which have been introduced by the General Treasury or relevant Provincial Treasury. The standard formats imposed by the circulars and guidelines to the extent of mandatory requirements in preparation of a statement of financial

position, statements of performance, statements of changes in equity, cash flow statements and notes to the financial statements and other disclosures.

If there is no separate template issued by the relevant provincial councils in compliance with SLPSAS or otherwise, could make use of the template included in the Public Finance Department Circular No 02 of 2020.

Provincial departments and ministries could follow the same formats similar to the state departments and ministries, if separate templates are not introduced by the Provincial Treasury.

1. Institutional Profile/Executive Summary
 - 1.1 Introduction
 - 1.2 Vision, Mission, Objectives of the Institution
 - 1.3 Key Functions
 - 1.4 Organizational Chart
 - 1.5 Departments under the Ministry/ Main Divisions of the Department / Divisions
 - 1.6 Funds coming from the Ministry/Department/Other institutions
 - 1.7 Management Discussions and analysis
2. Progress and the Future Outlook
 - Special achievements, challenges and future goals
3. Performance indicators
 - 3.1 Performance indicators based on the action plan .
 - 3.2 Budgeted information
4. Performance of achieving Sustainable Development Goals (SDG)
 - 4.1 Identified respective Sustainable Developments Goals
 - 4.2 Achievements and challenges of the SDGs
5. Human Resource Profile
 - 5.1 Cadre management
 - 5.2 Shortage or excess in human resources and its impact on performance
 - 5.3 Human resource development
6. Compliance Report
 - 6.1 Financial statements (Appropriation Accounts} have been submitted on due date
 - 6.2 Maintenance of books and registers
 - 6.3 Delegation of functions for financial control
 - 6.4 Preparation of annual plans
 - 6.5 Audit queries
 - 6.6 Internal Audit
 - 6.7 Audit and management committee
 - 6.8 Vehicle management
 - 6.9 Management of bank accounts
 - 6.10 Utilization of provisions
 - 6.11 Advances to public officers account
 - 6.12 General deposit account

- 6.13 Imprest accounts
- 6.14 Revenue account
- 6.15 Human resource management
- 6.16 Provision of information to the public
- 6.17 Implementing citizen's charter
- 6.18 Preparation of the human resource plan
- 6.19 Responses audit paras

7. Committee Reports

- 7.1 Management committee reports
- 7.2 Audit committee reports
- 7.3 Risk committee Reports
- 7.4 Other committee reports

8. Overall Financial Performance for the Year

- 8.1 Statement of financial performance
- 8.2 Statement of financial position
- 8.3 Statement of cash flows
- 8.4 Notes to the financial statements
- 8.5 Performance of the revenue collection
- 8.6 Performance on the utilization of allocation
- 8.7 Allocations for expenditure to this department/district secretariat/provincial council as an agent of the other ministries/departments
- 8.8 Performance of non-financial assets
- 8.9 Auditor General's Report

4.3 Departments and Ministries

Disclosures under each section

1. Institutional Profile/Executive Summary

- 1.1 Introduction
- 1.2 Vision, Mission, Objectives and core values of the Institution
- 1.3 Key functions
- 1.4 Organizational chart
- 1.5 Departments under the ministry/main divisions of the department/divisional secretariats of the district secretariat
- 1.6 Institutions/Funds coming under the Ministry/Department/Provincial Council
- 1.7 Details of the Foreign Funded Projects (if any)
 - a Name of the Project
 - b Donor Agency
 - c Estimated Cost of the Project
 - d Project Duration

2. Progress and the Future Outlook

Special Achievements, challenges and future goals

3. Performance indicators

- 3.1 Performance indicators of the Institute (based on the Action Plan)
- 3.2 Budgeted information

4. Performance of the achieving Sustainable Development Goals (SDG)
 - 4.1 Indicate the Identified respective Sustainable Developments Goals
 - 4.2 Achievements and challenges of the SDGs
5. Human Resource Profile
 - 5.1 Cadre management
 - 5.2 Shortage or excess in human resources and its impact on performance
 - 5.3 Human resource development
6. Compliance Report
 - 6.1 Financial statements (Appropriation Accounts) have been submitted on due date
 - 6.2 Maintenance of books and registers
 - 6.3 Delegation of functions for financial control
 - 6.4 Preparation of annual plans
 - 6.5 Audit queries
 - 6.6 Internal Audit
 - 6.7 Audit and management committee
 - 6.8 Vehicle management
 - 6.9 Management of bank accounts
 - 6.10 Utilization of provisions
 - 6.11 Advances to public officers account
 - 6.12 General deposit account
 - 6.13 Imprest accounts
 - 6.14 Revenue account
 - 6.15 Human resource management
 - 6.16 Provision of information to the public
 - 6.17 Implementing citizen's charter
 - 6.18 Preparation of the human resource plan
 - 6.19 Responses audit paras
7. Committee Reports
 - 7.1 Management committee reports
 - 7.2 Audit committee reports
 - 7.3 Risk committee reports
 - 7.4 Other committee reports
8. Overall Financial Performance for the Year
 - 8.1 Statement of financial performance
 - 8.2 Statement of financial position
 - 8.3 Statement of cash flows
 - 8.4 Notes to the financial statements
 - 8.5 Performance of the revenue collection
 - 8.6 Performance of the utilization of allocation
 - 8.7 Allocations for expenditure to this department/district secretariat/provincial council as an agent of the other ministries/departments
 - 8.8 Performance of the reporting of non-financial assets
 - 8.9 Auditor General's report

4.4 Universities, Research Institutions and other Non-Commercial Statutory Boards and Funds

1. Governance statements

1.1 Vision and Mission

1.2 Overall Objective

1.3 Core values and code of conduct

1.4 Performance Review of the Organization

- Surplus/deficit from operations
- Financial/non-financial sectorial analysis of- Revenue, expenditure and surplus or deficit
- Cost benefits
- Details of capital expenditure

2. Management discussions and Analysis

2.1 Chairman's Review/Directors' report

2.2 Reports on Corporate Governance /Performance

- Key Businesses— overall scope of the entity
- Risk assessments and mitigating strategies
- Analysis of operational and financial performance - Achievements of KPIs and directions towards the entity's mission with emphasis on physical performance.
- Statements on economic value added – Sustainable development strategies or Corporate Social Responsibilities (CSR)

3. Committee Reports

3.1 Management committee reports

3.2 Audit committee reports

3.3 Risk committee reports

3.4 Other committee reports

4. Organization Structure/Organization chart

4.1 Brief profile of the governing body and key management personnel

4.2 Human resource management

4.3 The CEO's performance evaluation by the governing body and the incentives including bonuses, if any.

4.4 Performance Appraisal - Productivity assessment of employees

5. Performance Evaluation

5.1 Performance Statistics

5.2 Monthly, quarterly, and annual performance evaluations carried out by the Line Ministry and General Treasury

6. Disclosure Requirements of Directors

6.1 Declarations of their relationship to the Secretary to the Board.

7. Annual Performance Review Meeting (APRM)

7.1 APRM should be conducted within 5 months after the balance sheet date and prior to

the submission of the AR to the Parliament.

8. Information on how the entity contributed to its responsibilities

8.1 Information on the organization's contribution pertaining to the national economy of the country - such as how the organization's activities create financial and non-financial values for the community, what will be the expected outcomes which are solely defined by the established objectives etc, and any dependency of treasury funds

9. Overall Financial Performance for the year (Financial Statements)

9.1 Statement of financial performance

9.2 Statement of financial position

9.3 Statement of cash flows

9.4 Notes to the financial statements

9.5 Auditor General's report

9.6 Action taken reports

10. Research, Publications and Awards

10.1 Science and Technology development outputs

10.2 Knowledge dissemination programs conducted

10.3 National and international awards

5. Conclusion

Annual Reports and Accounts provide important business and financial information to legislators, policymakers, customers, investors, employees and the media. One of the most difficult parts of preparing an annual report is to know the essential requirements stipulated by the statute, guidelines, and best practices relevant to the exercise. It is important to map out the content and the structure of the report.

Submission of Annual Report and Accounts is a mandatory requirement under different legislations, rules, and regulations governing public sector institutions. Adhering to Provisions of National Audit Act No. 19 of 2018, Provisions under the enabling Acts, Finance Act No. 38 of 1971, Public Enterprises Guidelines, various government circulars including but not limited to Public Finance Circular Nos 1 & 2 of 2020 are important in this respect. In addition, public sector institutions are also required to be guided by SLPSAS and best practices in preparing and presenting Annual Reports and Accounts. This document provides a guide to local public sector institutions to effectively prepare and present their Annual Reports and Accounts in compliance with these requirements.

All public sector institutions are required to complete their draft annual accounts along with the draft annual report within two months of the financial year-end and submit same to Auditor General. Thereafter, they must ensure that they are tabled in parliament within five months of the financial year-end together with the Auditor General's Report. These guidelines are intended to facilitate the preparation and presentation of the annual reports and accounts for the Best Annual Report Awards Competition conducted by APFASL.